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Your submission for this review:

Lachlan Shire Council is the local water utility for the rural towns of Condobolin, Tottenham, Albert, Lake Cargelligo and Tullibigeal. The current water business is unable to recoup current operating costs from potable water sales to its community. According to Water utilities performance data LSC is the 5th highest Operating, Maintenance and Administration cost per property in NSW. The impact that these proposed increases will have on our town drinking water allocations and extractions, estimated to be 432%. The impact that these proposed increases will have on our parks, gardens, sports oval and other recreational space water allocations and extractions, estimated to be 327%. This is a total annual cost increase estimated to be over \$600,000. This increase cannot be absorbed by the Water fund, as it already operates at a loss each financial year. These costs will have to be passed onto the user, which will only further increase the cost of water bills, adding further strain to the budgets of the local community. The proposed increases in town drinking water allocations seem to be totally at odds with the NSW Productivity and Equity Commission Report on the Review of funding models for local water utilities. (July 2024). This report highlights the inherent struggles that 16 Western Local Water Utilities (of which LSC is one) have in cost recovery for their Water Services. Important factors that contribute to these issues are Lachlans highly dispersed service areas, number of treatment plants, and fewer connections, difficulty attracting or affording specialist skills and varying water security and water quality challenges. This report highlights that some councils in western NSW are unlikely to be able to operate water supply and sewerage businesses on a commercially viable basis without ongoing external support. Recommendations 8 10 and 17 - 21 of this report discuss the Introduction of a Community Service Obligation (CSO) payment mechanism as a new funding approach for the sector. CSO payments would focus on LWUs which are unable to achieve full cost recovery from user charges without creating undue affordability issues within their communities. This proposed increase from WAMC and WaterNSW will further erode the financial sustainability of some LWU. It is unclear from the issues paper what benefit the increase from WAMC of up to 28% per year in costs will provide. The documents state that the increases are due to primarily operational costs and that the drivers of this are an increased level of water management activities including the replacement of statutory water plans, digital improvements, addressing precious under-recovery and increasing the NSW Governments share of costs. This statement is remarkably vague and fails to communicate any tangible benefit these increased costs will deliver. WAMC has proposed a 125% increase in capital expenditure. What will this increase in costs deliver? It is not clear and obvious from the material published what the proposed capital improvements will actually deliver. The Issues Paper addressing the WaterNSW proposal states up to a 37% increase in bills per year is proposed by WaterNSW for customers throughout rural NSW. The first outcome WaterNSW aim for with their service delivery plan is related to the affordability of secure and reliable water. It is hard to understand how this level of increase can be considered affordable. WaterNSW has proposed a 43% increase in their operating expenditure, driven by a change in operating model, compliance with existing and new obligations, and inflation. WaterNSW should be encouraged to find additional savings and reduce their operating expenditure. WaterNSW has proposed 21% increase in capital expenditure. Key projects include Fishways Program (\$100.8 million), Cold Water Pollution Program (\$46.8 million), Oberon to Duckmaloi Pipeline Renewals (\$29.2 million) and digital technology (\$54.4 million). From these projects listed, only the pipeline renewal can be understood to provide improved security and reliability of bulk water supply. WaterNSW is proposing around \$500m in capital works across the rural valleys. What are the other \$270m projects?